

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6988**

**BILL NUMBER:** HB 1175

**SUBJECT:** Sales Tax holiday.

**FIRST AUTHOR:** Rep. Crooks

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**NOTE PREPARED:** Jan 3, 2006

**BILL AMENDED:**

**BILL STATUS:** As Introduced

**IMPACT:** State

**Summary of Legislation:** This bill provides a Sales Tax exemption for bags, books, clothing, wallets, and school supplies that are purchased during the seven-day period from July 25th through July 31st.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill will cause a decrease in Sales Tax collections of approximately \$11.0 M in FY 2007 and \$11.5 M in FY 2008.

The bill provides a Sales Tax exemption for back-to-school purchases during the seven-day period beginning annually on July 25th at 12:01 A.M. and ending July 31st at 11:59 P.M. The bill also provides that the exemption only applies to items that are priced at \$50 or below.

The first table below shows the revenue lost from each category of purchases that are exempted in the bill. The second table shows the impact on the funds included in the Sales Tax distribution.

<b>Item Exempted</b>	<b>FY 2007 (in millions)</b>	<b>FY 2008 (in millions)</b>
Back-to-School Clothing	\$4.2	\$4.3
K-12 School Supplies	\$2.6	\$2.6
College Textbooks	\$2.4	\$2.7
College School Supplies	\$1.8	\$1.9
<b>TOTAL</b>	<b>\$11.0</b>	<b>\$11.5</b>

<b>Fund</b>	<b>FY 2007 (in millions)</b>	<b>FY 2008 (in millions)</b>
General Fund	\$5.41	\$5.68
Property Tax Replacement Fund	\$5.50	\$5.77
Public Mass Transportation Fund	\$0.070	\$0.073
Industrial Rail Service Fund	\$0.004	\$0.004
Commuter Rail Service Fund	\$0.015	\$0.016
<b>TOTAL</b>	<b>\$11.0</b>	<b>\$11.5</b>

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.